

# **OVERVIEW OF THE DEPARTMENT**

## **FUNCTION ACTIVITIES**

### **COLLECTIONS FUNCTION**

#### **OFFICE COLLECTIONS**

After the Accounts Receivable system has completed the prescribed billing cycle, cases are referred to Office Collections. Delinquents (business accounts with returns that have not been filed) are also worked in this section. Here, collectors attempt to reach account resolution via the telephone and with targeted mailings. The section uses a Predictive Dialer System (PDS) to dial the phone on accounts prioritized for work. This system automatically brings up computer screens of the account on calls made and routes them to the first available collector. Office Collections also uses an Automatic Call Distribution (ACD) system to process and handle incoming calls. This system has an Interactive Voice Response (IVR) module that provides automated responses for some basic collections questions such as account balances. The section operates from 8:00 a.m. to 6:00 p.m. Monday through Thursday and from 8:00 a.m. to 5:00 p.m. on Fridays.

Office Collectors can request liens and levies be filed and can negotiate installment payment plans. If they are not able to resolve a case, it is referred to Field Collections or Bankruptcy / Litigation for further action.

#### **FIELD COLLECTIONS**

If an Office Collector determines that a case cannot be resolved by phone and that a field (on-site) approach is warranted, the case is referred to the Field Collections section. Field collectors are assigned a territory (by ZIP code) and are responsible for all types of tax cases (income, business, withholding, etc.) in their territory. Field collectors use a combination of telephone and field visits to effect closure. In addition to recommending lien and levy action, field collectors may subpoena records, work Offers in

Compromise, recommend seizures and write off cases if they are determined to be uncollectible. The objective in Field Collections is to reach closure in the least intrusive manner. Seizure actions are only used as a last resort after all other more reasonable actions have failed.

The Collections Function Liaison section is responsible for all other non-mainstream collection activities. These include cases referred to an outside collection agency in addition to handling disputed audit accounts, insufficient funds check collections, lien processing, case adjustments, Letters of Good Standing, levies on Department of Administration vendors, levies on contractor and insurance bonds and internal systems training.

The Department uses an outside collection agency to work the smaller dollar accounts in state and to work out-of-state accounts that cannot be resolved in the other collections sections.

#### **BANKRUPTCY AND LITIGATION**

Bankruptcy and Litigation services a growing population of individual and business tax accounts that have filed for protection under the bankruptcy code. Cases are routed here at any time during the collection process when a case is identified as having filed bankruptcy. This section is responsible for identifying all cases which involve bankruptcy filings, seeing that appropriate claims are filed and following up on actions being taken by the bankruptcy court relative to these accounts.

In addition to processing bankruptcies, the section refers cases to the Attorney General's Office that may require legal action to effect closure as well as processing Offers in Compromise.

## DEBT SET-OFF

Debt Set-Off serves other state agencies by offsetting tax refunds to reduce debts to other state agencies and the courts. This program includes: qualifying agencies and courts for program participation, notifying agency participants and taxpayers when matches are made, monitoring status of and validating claims, finalizing matches, resolving discrepancies and generating payments to agencies and/or releases to taxpayers.

## REVENUES FOR THE THREE COLLECTIONS FUNCTION UNITS(FY 2002)

|                            |               |
|----------------------------|---------------|
| Office Collections.....    | \$ 88,820,707 |
| Field Collections.....     | \$ 39,704,958 |
| Bankruptcy/Litigation..... | \$ 18,011,195 |
| Debt Setoff.....           | \$ 108,664    |
| Unassigned.....            | \$100,524,490 |

(TCS figures are included in Bankruptcy and Litigation figures. The Unassigned figures are dollars collected that are not associated with a Collector ID.)

## HIGHLIGHTS IN FY 2002

- ◆ In spite of continued high vacancy rates, the Collections Function succeeded in collecting a combined \$247,170,014 which was 6% more than they collected in FY 2001-2002.
- ◆ At the same time, they worked to reduce the turn around time for processing Offers in Compromise to at or below 60 days. A total of 269 Offers were reviewed this year with 78% of them completed within 60 days of receipt.
- ◆ In addition, the call center in Office Collections maintained excellent customer service levels for all incoming calls by answering 98% of them within 30 seconds.

## CUSTOMER SERVICE FUNCTION

### COMMUNITY OUTREACH AND EDUCATION Community Out Reach and Education (CORE)

provides the Department's outreach and educational programs for taxpayers and practitioners. CORE's primary goal is to promote voluntary compliance with tax laws through taxpayer education. The staff develops and presents workshops and seminars, as well as participating in trade shows throughout the state. The programs focus on support for the small business community, but services and assistance are also directed toward personal income tax. Many projects are developed in partnership with the IRS, other federal, state, and local agencies and organizations as well as the Small Business Administration and related associations.

## LEGAL SUPPORT

This group is responsible for providing consultation on legal issues for operating units and technical legal correspondence. They are also responsible for form design for the Department, and for creating and maintaining informational publications on a wide variety of tax issues, the TaxNews (tax practitioner newsletter) and the ReveNews (employee newsletter).

## LICENSE AND REGISTRATION

The License and Registration section processes applications for transaction privilege tax, use tax, severance tax, and withholding tax. The unit issues transaction privilege tax licenses for contract cities that participate in the state tax collection program. They also administer the contractor-bonding program which affects some new contracting businesses and delinquent taxpayers.

The section oversees a database of licenses and continually collects and updates taxpayer records. They provide assistance to the public through dissemination of general license information. The section handles distribution of tax forms, the sale of tobacco stamps and cashiering services for customers at each of the agency's offices.

The License Compliance group within the section performs research to identify non-complying businesses and brings them into

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